

Subcommittee on the Federal Workforce and Agency Organization
Mitigating the Impact of High Gas Prices on the American Workforce

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2156 Rayburn House Office Building

Mr. Chairman, Mr. Ranking Member, and members of the Subcommittee, thank you for the opportunity to testify today. My name is Steve O’Keeffe and I am the executive director of the Telework Exchange. The Telework Exchange is a public-private partnership focused on increasing awareness and adoption of telework in the Federal government. The organization concentrates on demonstrating the tangible value of Federal telework initiatives, serving the emerging education and communications requirements of the Federal teleworker community, as well as measuring Federal agencies’ progress against telework requirements. Federal employees that register on the Telework Exchange Web site are provided a series of free services, including the ability to calculate their personal commuting costs and telework savings.

Today, the Telework Exchange has more than 3,500 Federal employee members. We utilize the non-personal registration information from Telework Exchange members to construct our data models – Federal commuting cost and telework benefit calculators appear on our Web page at www.teleworkexchange.com – and poll our membership as the sample for our studies.

We are here today to demonstrate the effect of high gas prices on the Federal workforce. The gasoline price hikes of September 2005 drove a real-income salary reduction of \$526.25 for the average Federal employee. The increases drove a 42.6 percent increase in America’s commuting costs. Importantly, we are here to underscore the fact that agencies need to accelerate their initiatives to build out robust telework programs to reduce the unnecessary commuting cost burden on Federal employees. Progress in this area has been too slow. It will return significant dividends to the Federal government as it struggles with recruiting and retention challenges.

The government faces issues on two fronts – retaining experienced knowledge workers and recruiting generation Y professionals to replace retiring personnel. These challenges are compounded by the complex logistics driven by the Department of Defense (DoD) transformation as manifest in the Base Realignment and Closure (BRAC) roadmap. Looking specifically at the Washington, D.C. area, BRAC promises to heap new misery on the nation’s capitol area’s already congested roadways.

While I am here today to talk specifically about the impact of increasing gasoline prices on Federal employees, I would like to point to other profound benefits of telework for the Federal government. Telework has critical implications for the Federal government’s Continuity of Operations preparedness. Recent natural catastrophes and pressing concerns about man-made and pandemic threats mean that mainstream America is now very focused on improving government’s disaster preparedness capabilities. As referenced in the April 28th Committee on Government Reform, House of Representatives oversight hearing, “Who’s Watching the COOP,” telework is a central plank in agencies’ Continuity of Operations planning.

As noted earlier, we are here today to discuss the implications of telework for the average Federal employee, who routinely travels the 63 miles round trip to and from work each and every day. Telework presents employees with a convenient, productive alternative to commuting.

It’s No Gas Study

Based on Department of Energy statistics, East Coast gasoline prices surged from an average of \$2.14 per gallon in April 2005 to \$3.05 per gallon in September. The increased urgency to reduce the burden of high gasoline prices on the workforce has pushed telework to the forefront as an imperative operating model for the Federal government as well as the American labor force at large. These realities drove the Telework Exchange to generate a recent study titled, “Fuel Smart Economy: It’s No Gas.” The study is based on responses from Telework Exchange Federal employee members who travel an average of 63 miles a day to and from work and drive a vehicle that consumes one gallon of gasoline per 27.5 miles.

Based on study results, the total Federal government workforce spent \$13.3 million on gasoline to commute each day in April. Driven by increased gas prices, this daily total surged to almost \$19 million in September. This represents an increase of \$526.25 in gasoline costs per annum for the average Federal employee commuting on the roadways. Please keep in mind; this is a representation of gasoline costs alone. This does not factor wear and tear on a car, tolls/parking, maintenance, insurance, or depreciation – all factors that are built into the Telework Exchange calculators, as they contribute to the total cost of commuting.

To illustrate the impact of rising gasoline prices on Federal employees' income, let me give you an example. A Federal employee at the Grade 8, Step 4 pay level makes \$37,236 per annum. In April 2005, that employee traveled the average 63 miles roundtrip a day, bought gasoline at \$2.14 per gallon, and spent \$1,235 per annum on gasoline alone – representing 4.73 percent of that Federal employee's after-tax income. Based on gasoline price increases in September, with the identical commute, that same Grade 8, Step 4 Federal employee spends \$1,761.25 per annum on gasoline alone. This represents a \$526.25 after-tax real income reduction. To extrapolate to the total U.S. white-collar workforce, Americans spent \$250 million on commuting each business day in April. With the September gasoline price hikes, the commuting costs for all white-collar America jumped by over 42.6 percent to \$355.8 million.

Now let's consider President George W. Bush's recent call to action to reduce fuel consumption and conserve energy. Over the course of one week, Federal employees consume 31.1 million gallons of gasoline to commute five days a week. By teleworking just two days per week, Federal employees can collectively conserve 12.4 million gallons of gasoline per week. To extrapolate to the total U.S. white-collar workforce, over the course of one week time, the U.S. white-collar workforce consumes 583.3 million gallons of gasoline. If the entire U.S. white-collar workforce teleworks just two days per week, America would conserve 233.3 million gallons of gasoline each week.

No Free Ride Study

The Telework Exchange today released a new study “No Free Ride,” focused on telework awareness and total commuting financial as well as opportunity costs in the Federal government. Based on responses from Telework Exchange members, Federal employees spend an average of 233 hours of their lives commuting per annum. By teleworking three days a week, this average Federal employee would get 98 hours of his or her life back, and an average of \$6,348 annually back into his or her wallet. Please note that this figure factors the total cost of commuting, not merely gasoline expenses.

As noted earlier, in addition to the negative impact of high gasoline prices on Federal employees, Federal agencies are keenly focused on recruitment and retention issues. Work/life balance advantages of telework are important to Federal employees – and telework options provide government agencies significant advantages in their efforts to recruit and retain the best and the brightest. As a significant portion of the Federal workforce is retiring, telework offers the opportunity to retain workers who are willing to work part-time or full-time from a remote location. In addition, “Generation Y” now makes up 21 percent of the U.S. workforce. These younger generation employees are demanding teleworking and/or flexible work hours as a part of their benefit packages.

To return to the DoD Base Realignment and Closure Act, a study commissioned by Transwestern Commercial Services notes that BRAC 2005 will cause an increase of 84,900 daily car trips to the Washington, D.C. area highways by 2015. As Federal employees are forced to commute to remote areas, their commuting costs will increase along with time spent in traffic. The telework option empowers agencies to retain employees as well as reduce gas consumption and wear and tear on the roadways.

As previously, in September of this year, President Bush urged the nation to “conserve natural gas, electricity, gasoline, and diesel fuel to the maximum extent consistent with the effective discharge of public responsibilities” and asked “agencies to temporarily curtail non-essential travel and other activities that use gasoline or diesel fuel, and encourage employees to carpool, telecommute, and use public transportation to reduce fuel use.” Telework provides a compelling path forward without damaging America’s productivity. It

is significant to note that the Energy Policy Act of 2005 includes a telecommuting study to research the energy conservation implications of teleworking by the Federal government.

Telework offers myriad opportunities for Federal employees, the government, as well as the U.S. workforce. Based on numbers from the Telework Exchange, Federal employees commute an average of 63 miles a day to and from work and spend \$526.25 more due to the increases in gasoline prices that took effect in September. Federal employees waste 233 hours of their lives commuting each year. By teleworking three days a week, this average Federal employee would get 98 hours of his or her life back, and an average of \$6,348 a year back into his or her wallet.

I would close by underlining that the Federal government must embrace the benefits of telework and focus efforts on removing the unnecessary financial burden on employees, if it is to achieve success in recruiting and retaining the best and brightest, conserving energy and gasoline, as well as realizing robust business continuity preparedness. While the costs of our government's failure to act is significant to the Federal workforce, the broader costs associated with insufficient continuity of operations planning are more profound. The time is now to make telework a mainstream operating model for the Federal government.

Thank you again for the opportunity to testify today. I'd be happy to answer any questions you may have.